



# Avoided Costs

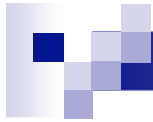
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# Avoided Costs in California

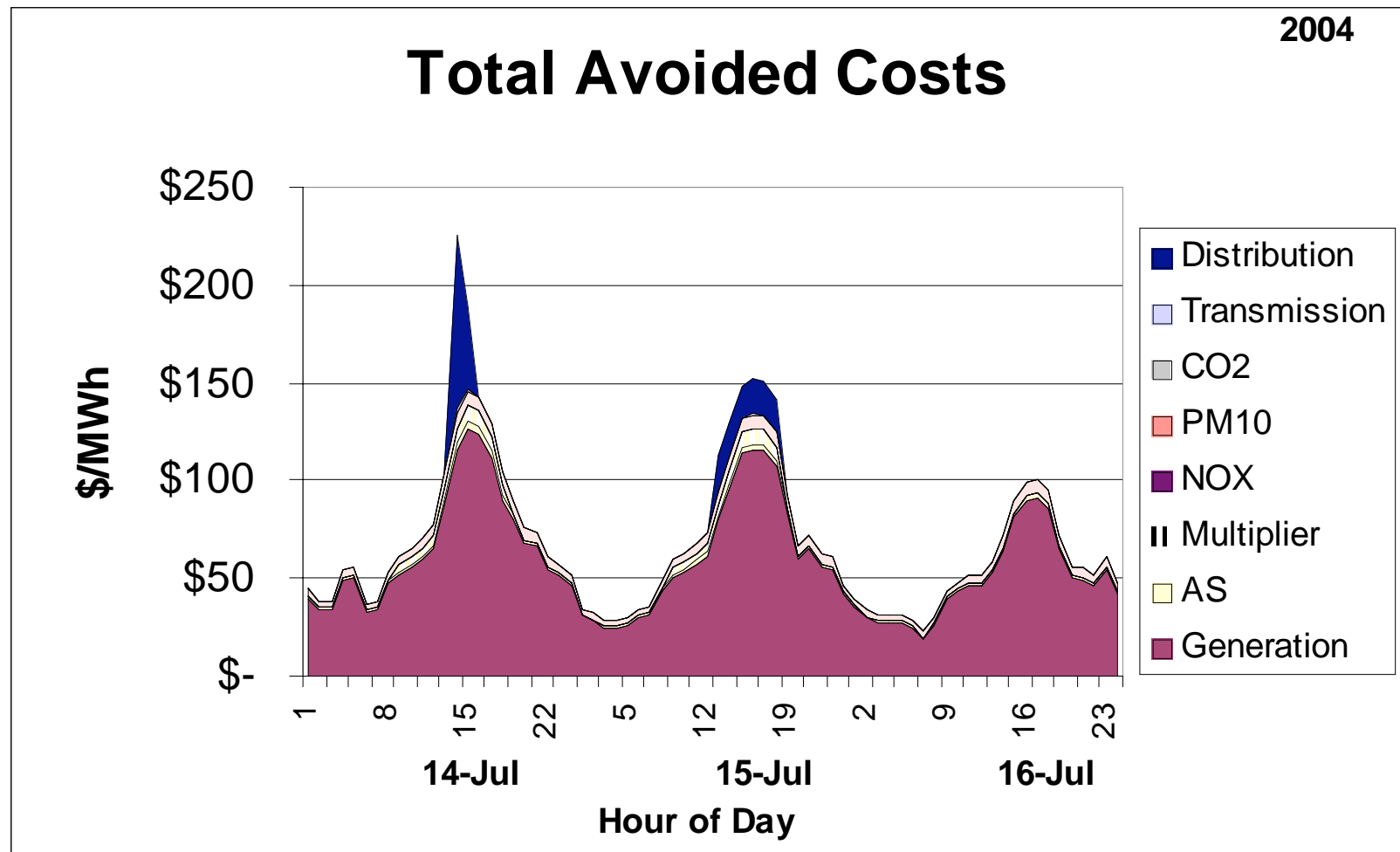
- Energy efficiency programs
- Title-24 building standards
- Renewable resources market price referent (MPR)
- IOU rate cases



# Avoided Cost Components

- Generation
- T&D capacity
- Environmental costs
- Market multiplier effect
- Ancillary services
- Rate level adder

# 3 Day Snapshot of Disaggregated Electric Avoided Costs



Avoided Cost is Based on PG&E's San Jose Planning Division



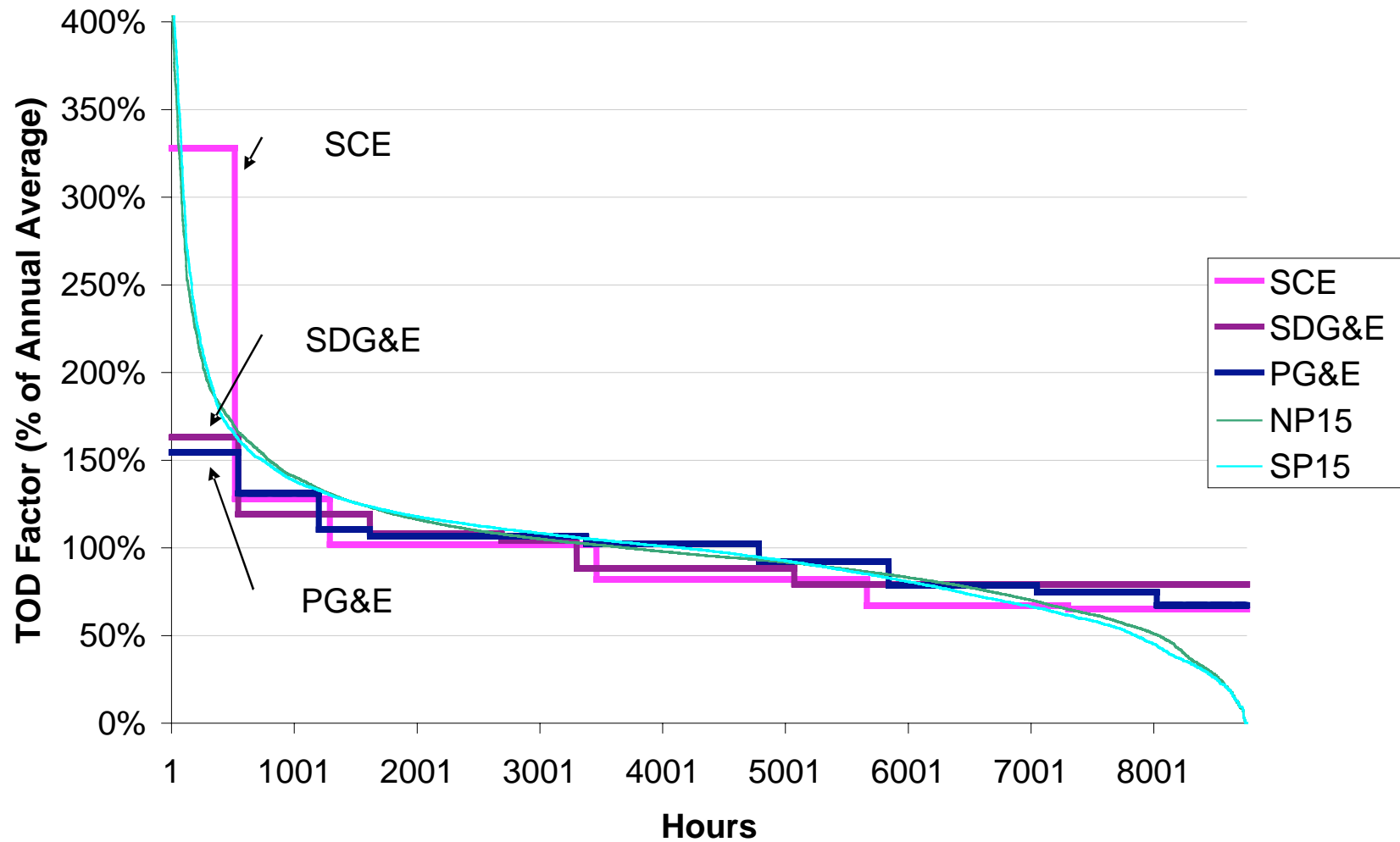
# Standard Methods for Generation

- Market prices
- Simulation models
- All-in cost of a combined cycle gas turbine (CCGT)
  - CCGT sets the annual average cost
  - A shape is applied to the annual average to develop hourly costs or time-of-use period average costs

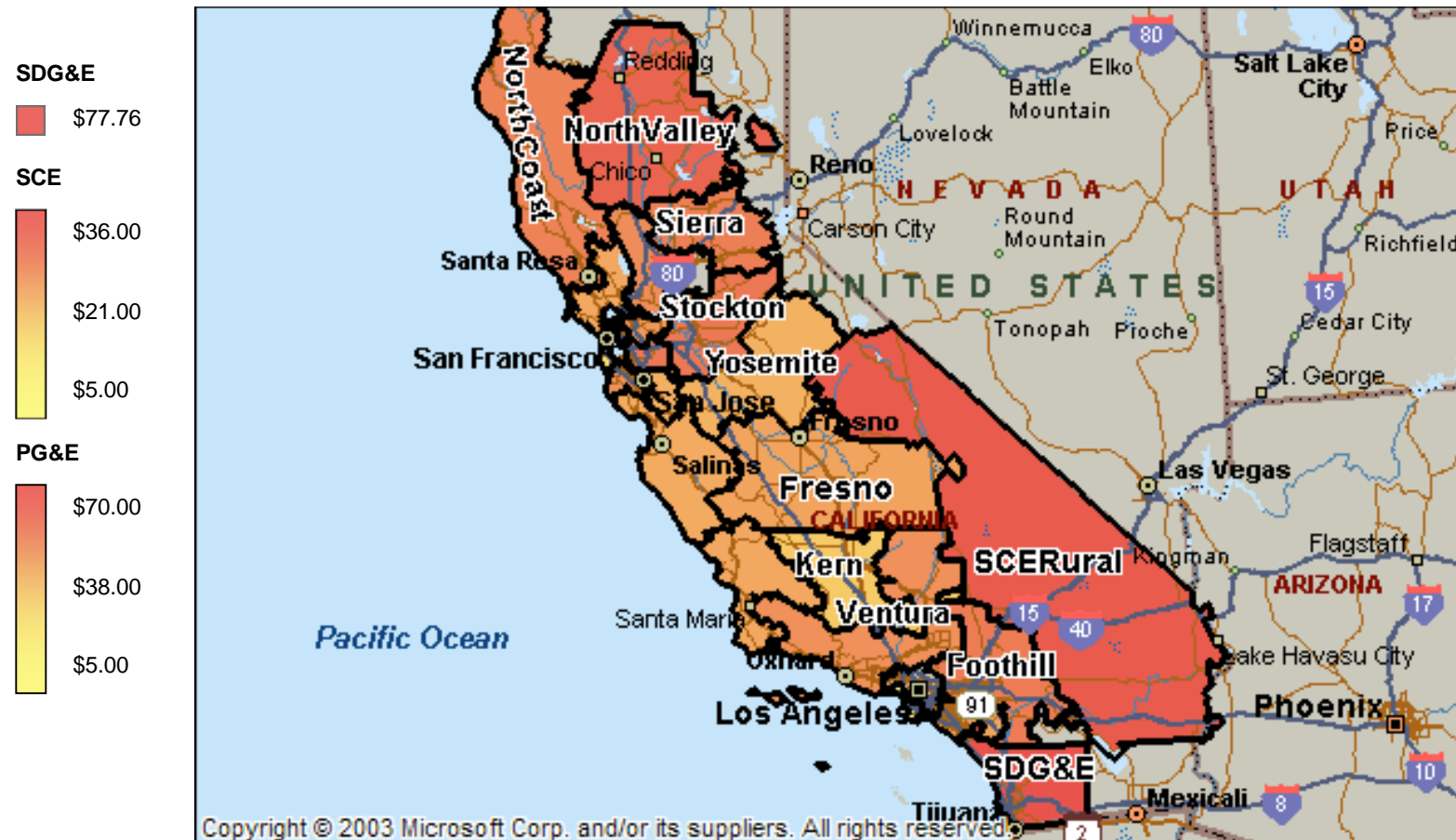


# TOD Factors

## TOD Duration Curves



# T&D Avoided Costs by Planning Division





# Issues for POUs

- Generation avoided costs for IOUs assume active participation in markets.
- POUs may have limited market access, so own-costs could dominate their avoided costs.
- POUs may not have the same summer peak concerns as the IOUs